

Foreclosure Methodology, NSP3 Maps and High Need Zip Codes

First Tier Priority Areas – NSP3 (Neighborhood Stabilization Program Round 3)

See the overview map and Maps 1-7 for the NSP3 target areas. (There is a separate map for each community.) In February, 2011, Minnesota Housing submitted its NSP3 Plan to the U.S. Department of Housing and Urban Development (HUD) for review. Depending on HUD's review, the target areas may change.

Second Tier Priority Areas – High Need Zip Codes or Alternative

High Need Zip Codes Defined

Based on zip code data purchased from LPS Applied Analytics, Minnesota Housing identified the 76 residential zip codes (out of 883 statewide) with the greatest foreclosure need. Need was based on each zip code's:

- Foreclosure/REO rate,
- Delinquency rate,
- Change in the unemployment rate (for the county in which the zip code is primarily located), and
- Proportion of non-prime, ARMs (adjustable rate mortgages) that have not yet reached their reset date.

Each factor received the following weights:

- Foreclosure/REO: 60%
- Delinquency: 20%
- Unemployment: 10%
- Non-prime ARMs Still to Reset: 10%

See Map 8 for the high-need zip codes. Table 1 lists the zip codes by county. If a development is in one of the listed zip codes, it is eligible for this priority.

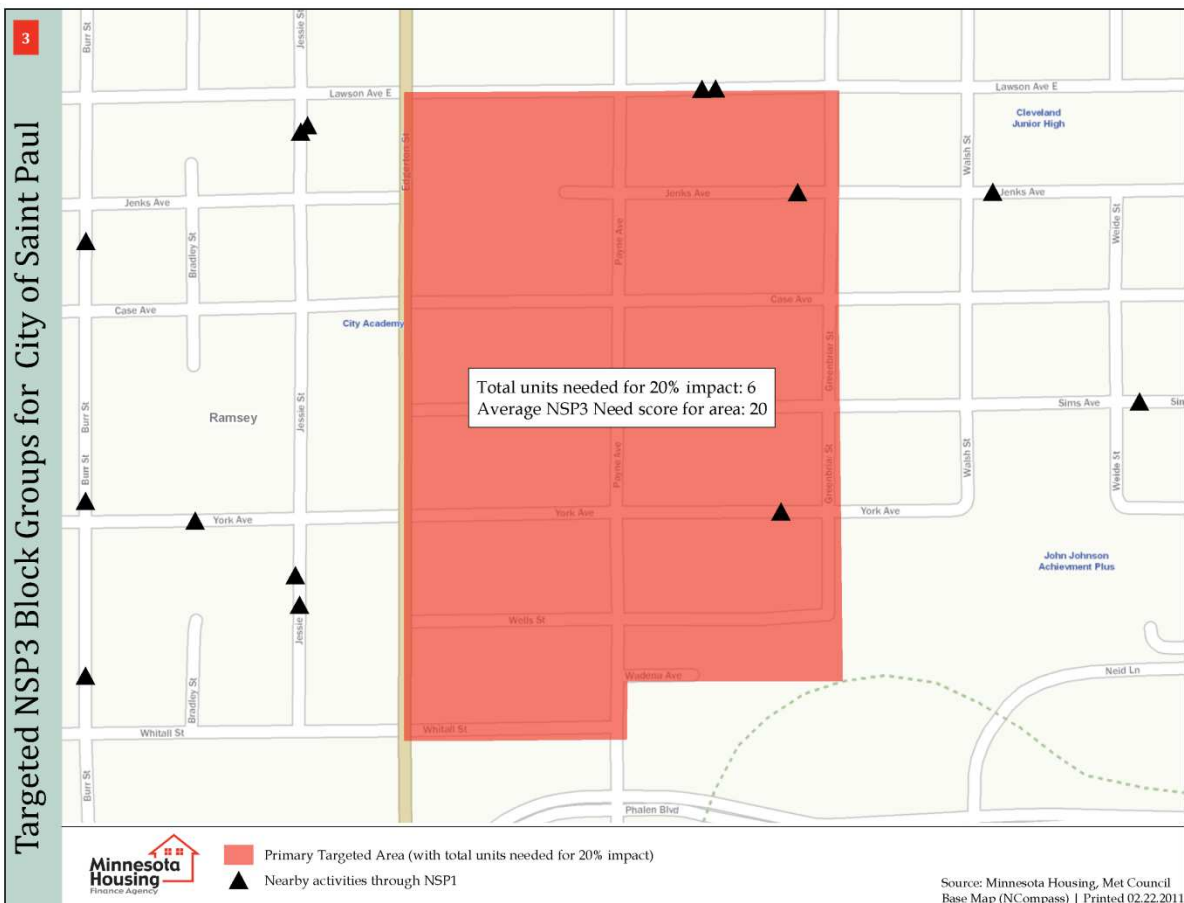
Alternative to High Need Zip Codes

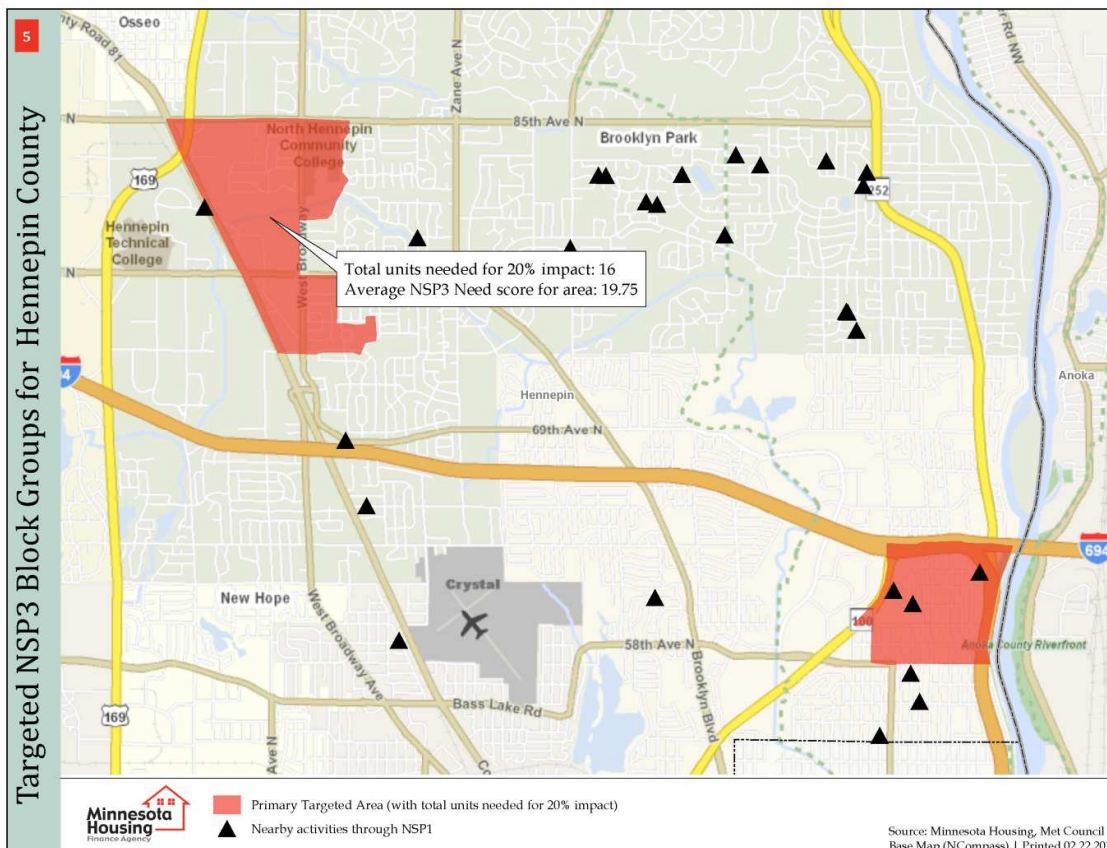
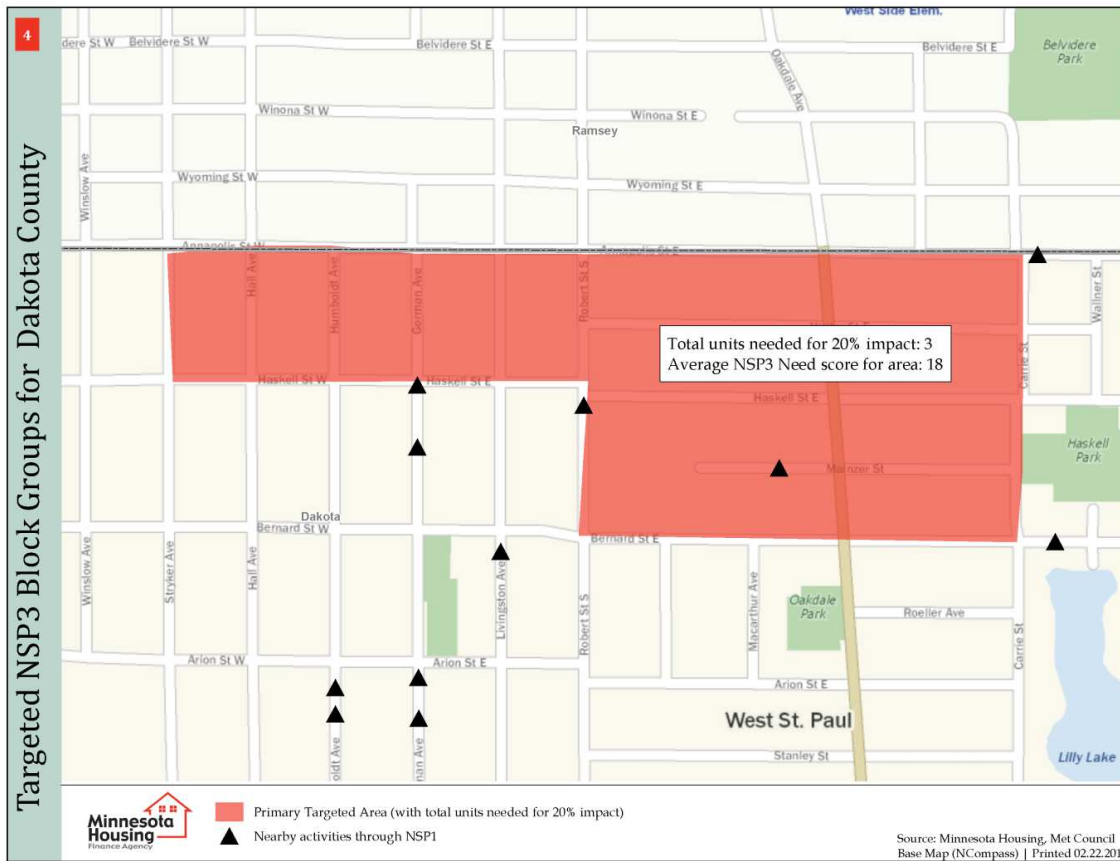
Because zip codes can contain up to 20,000 households, some high need areas are not identified by the zip code analysis. One section of a zip code may have a very high foreclosure rate, while the remaining parts of the same zip code may have a low rate, giving the zip code a lower foreclosure rate overall. To account for this shortcoming in the analysis, an applicant working outside one of the 76 zip codes can still receive credit for the foreclosure priority if the development is in a community or neighborhood with at least a 10% sheriff-sales rate. The rate is calculated by identifying the community or neighborhood around the development and computing the number of residential sheriff sales that occurred during 2008, 2009, and 2010 in the community or neighborhood and then dividing the three year total by the number of residential parcels in the community or neighborhood. To be eligible for the foreclosure priority, the community or neighborhood boundaries must be acceptable to Minnesota Housing and contain at least 200 residential parcels. Isolated small pockets of foreclosures are not eligible for this priority.

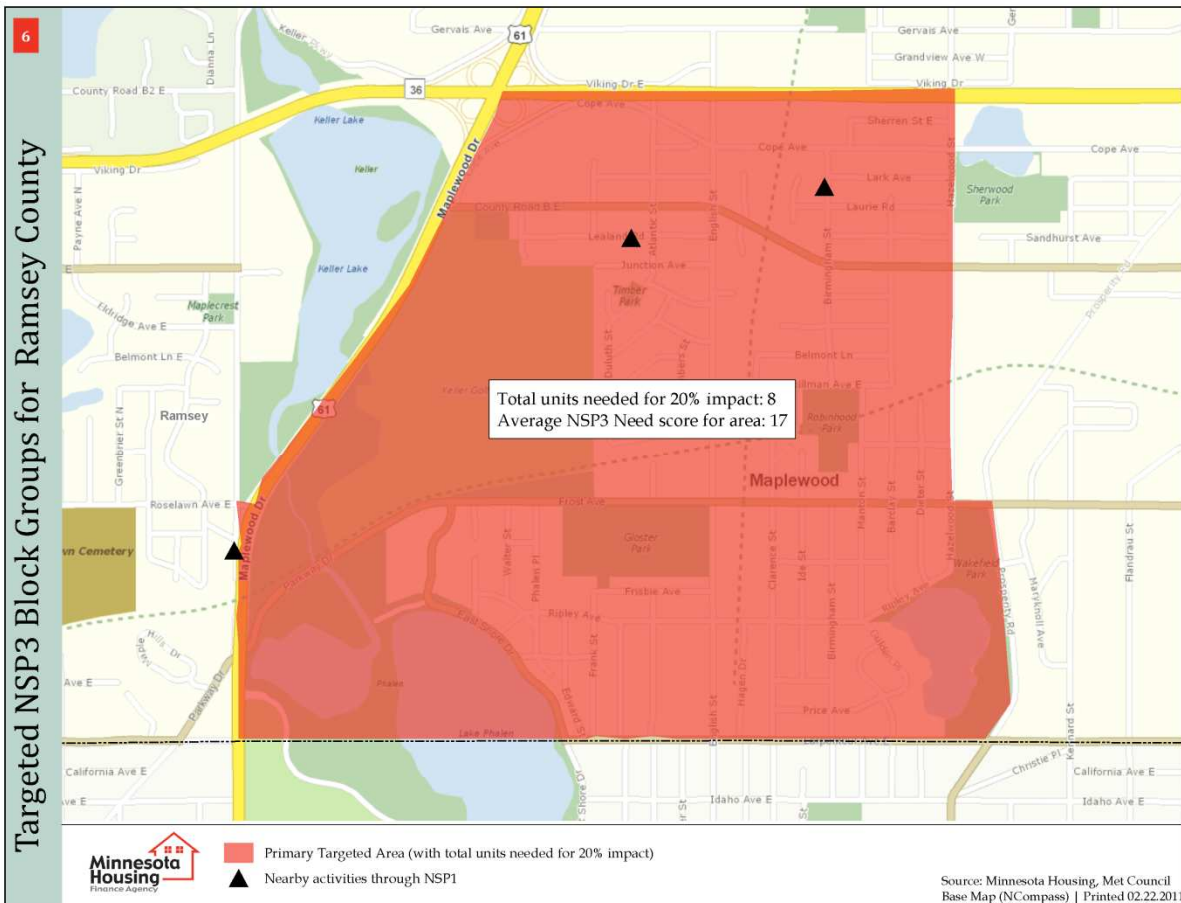
Each applicant seeking credit for a development in a high-need foreclosure area under the alternative definition (outside an identified high-need zip codes) must provide the following information:

1. A map showing the boundaries of the community or neighborhood and the development's location within it;
2. The number of sheriff sales that occurred in the identified community or neighborhood during 2008, 2009, and 2010 (with a separate figure for each year); and
3. The number of residential parcels in the identified community or neighborhood (not the number of residential households).

Finally, new subdivisions that are partially completed are not eligible to be counted in the sheriff sales calculation. A partially-completed, new subdivision is defined as a development where less than 90% of the lots have been fully developed with a residential structure and are ready to be occupied or less than 90% of the fully-developed residential structures have been occupied at some point.



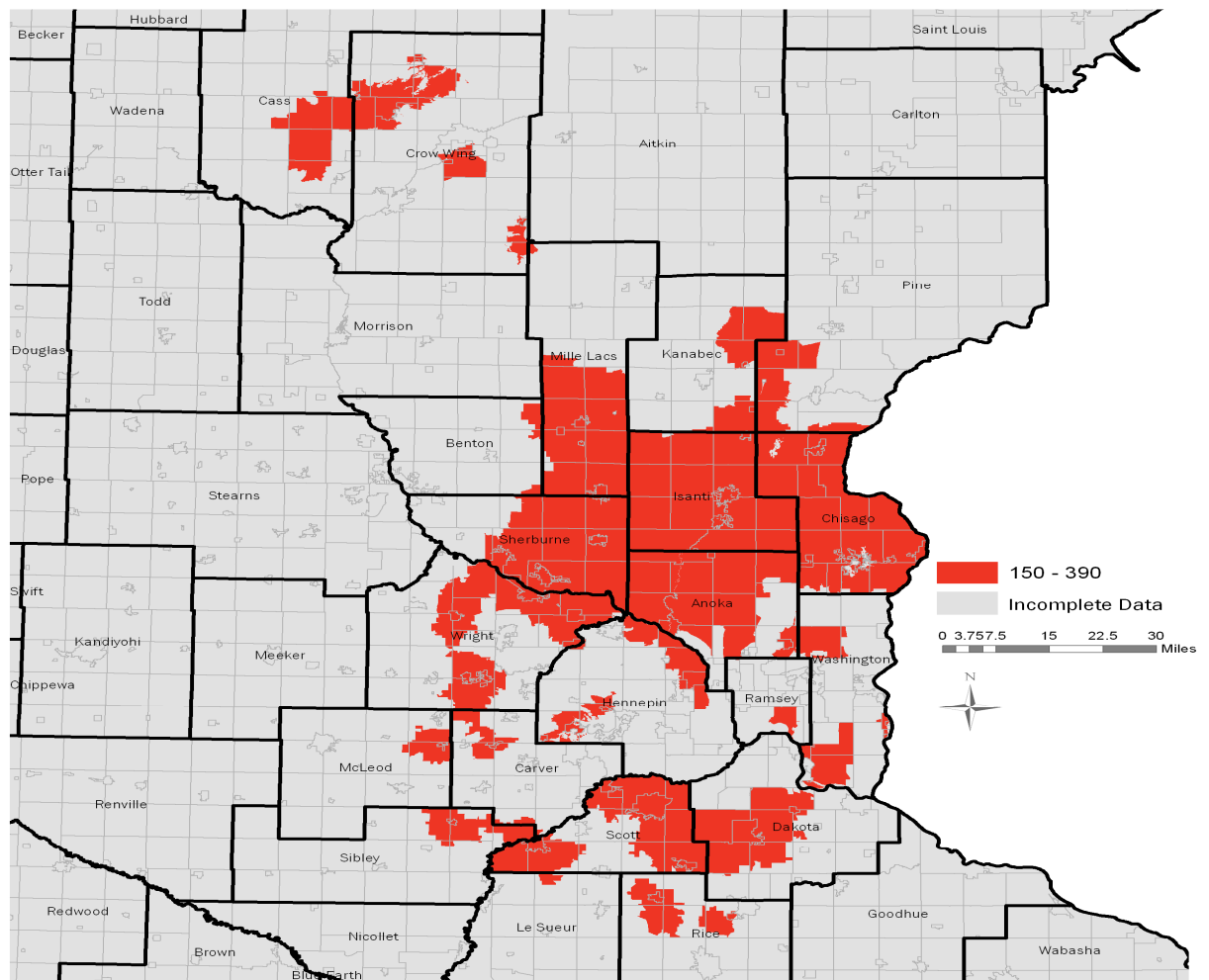




Overall / Composite Foreclosure Score

Statewide-Rate: Index = 100

December 2010



Source: Minnesota Housing analysis of data from LPS Applied Analytics.

Notes: The index is based on each zip code's composite score based on foreclosures, including REO (60%), delinquency (20%), non-prime resents (10%), and County September unemployment (10%). Each zip code's rate is divided by the statewide rate to compute the index score. An index score of 200 means the zip code's rate is twice the state rate, while an index score of 50 means the zip code's rate is half the state rate.

Table 1: Listing of High-Need Zip Codes

Primary County	Zip Code	Primary County	Zip Code
Anoka	55011	Isanti	55040
Anoka	55449	Isanti	55017
Anoka	55005	Isanti	55080
Anoka	55070	Isanti	55006
Anoka	55303	Isanti	55008
Anoka	55448	McLeod	55354
Anoka	55304	Mille Lacs	56330
Carver	55360	Mille Lacs	55371
Chisago	55074	Mille Lacs	56353
Chisago	55032	Pine	55007
Chisago	55012	Pine	55030
Chisago	55045	Ramsey	55106
Chisago	55079	Ramsey	55101
Chisago	55056	Ramsey	55130
Chisago	55013	Rice	55046
Chisago	55092	Rice	55019
Chisago	55069	Scott	55054
Chisago	55084	Scott	55020
Crow Wing	56455	Scott	55379
Crow Wing	56442	Scott	55378
Crow Wing	56450	Scott	56011
Crow Wing	56472	Scott	55372
Dakota	55024	Sherburne	55398
Dakota	55044	Sherburne	55309
Dakota	55068	Sherburne	55308
Hennepin	55445	Sherburne	55330
Hennepin	55412	Sibley	55338
Hennepin	55411	Washington	55038
Hennepin	55430	Washington	55129
Hennepin	55444	Washington	55016
Hennepin	55443	Washington	55043
Hennepin	55327	Washington	55055
Hennepin	55429	Wright	55301
Hennepin	55364	Wright	55341
Hennepin	55375	Wright	55390
Hennepin	55356	Wright	55363
Hennepin	55316	Wright	55376
		Wright	55362
		Wright	55358